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Beyond Compliance

The Baker Tilly UAE Quarterly Review

Advisory · Assurance · Tax

Issue 02 | June 2026

CONTENT

As global challenges evolve, agility and clarity in response are essential. This edition explores the crisis management approach and its lessons.

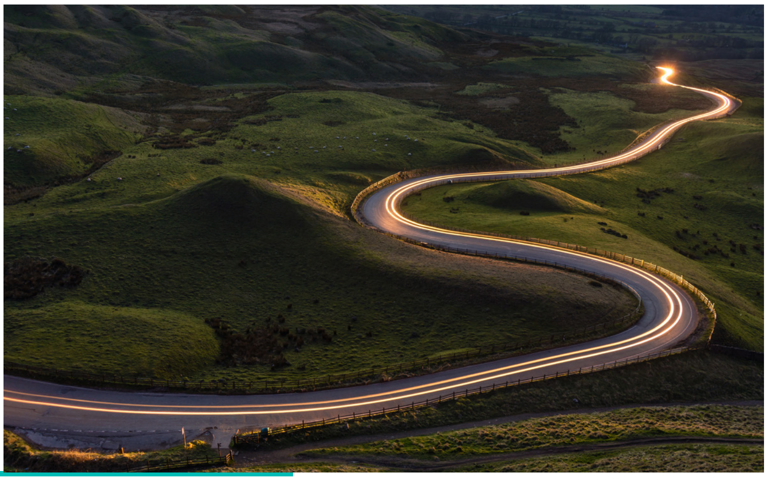
Accreditation:

We are now **ISO 9001** and **ISO 27001** certified. With this certification, we ensure high standards of quality, protected with robust information security standards.

Trust in data, controls, reporting and resilience has become a boardroom issue."

Saad Maniar

Chief Executive Officer
Baker Tilly UAE



"Dubai's Green Corridor initiative is accelerating cross-border trade efficiency and reinforcing the UAE's role as a regional logistics hub."
Read more on page 11.

Saad Maniar
Chief Executive Officer
Baker Tilly (UAE)

Building Confidence in an Era of Complexity

A CEO Perspective from Baker Tilly UAE

Uncertainty is no longer a background condition, it is now a core business reality. Across the UAE and the wider region, regulatory change, rising stakeholder expectations, and cyber threats are reshaping how organisations operate. For leadership, trust in data, controls, reporting, and resilience has become a boardroom issue. The organisations that thrive will not wait for clarity, they will build confidence while conditions are still shifting.

What is changing is not one new regulation, but the convergence of many. Data protection, anti-money laundering controls, operational resilience, third-party oversight, financial reporting, tax transparency, and sector-specific obligations increasingly intersect with cyber risk. Compliance can no longer be a periodic exercise handled in silos. It must be embedded into processes, technology, governance, and day-to-day decisions, giving leaders a bird's-eye view of obligations and risk.

Artificial intelligence is accelerating this shift. Used well, it can improve productivity, sharpen insight, strengthen customer experience, detect anomalies faster, and support quicker decisions across finance, operations, customer service, and control functions.

Invest in scalable controls. Manual workarounds rarely survive growth, investor scrutiny, or regulatory review.

But AI also introduces new risk. It can expand attack surfaces, increase the sophistication of cybercrime, and create compliance failures when sensitive data is used without proper controls. It also raises governance questions around accountability, validation, bias, and reliability. The winners will be organisations that adopt AI with guardrails, not just speed.

The right response is practical rather than theoretical. In my view, leaders should focus on five priorities that create both control and agility:

- Build a single view of risk. Bring regulatory, cyber, third-party, and resilience risks into one framework.
- Strengthen governance. Assign clear ownership for cyber, data, AI, and compliance, supported by oversight.
- Invest in scalable controls. Manual workarounds rarely survive growth, investor scrutiny, or regulatory review.
- Embed resilience. Build the capacity to absorb disruption, maintain critical operations, and recover quickly.
- Adopt responsible AI. Use approved tools, protect data, validate outputs, and keep people accountable for key decisions.

The UAE's innovation-led agenda makes this especially relevant. The market rewards ambition and digital adoption, but it also expects greater discipline as businesses scale. Investors, banks, regulators, and business partners increasingly look for evidence that governance, controls, and reporting can keep pace with growth. Organisations that treat resilience and compliance as enablers move faster because the foundations are already in place.

A recent client example illustrates the point. A fast-growing founder-led business wanted to expand regionally, attract institutional funding, and improve reporting.

But it had begun to outgrow an informal model built around key individuals, manual workarounds, and fragmented reporting. At the same time, tighter regulatory demands, tougher bank due diligence, and rising cyber risks were exposing weaknesses that were no longer sustainable.

We helped translate that ambition into a practical programme: clarifying regulatory requirements, strengthening governance and controls, assessing cyber vulnerabilities, improving reporting discipline, and aligning finance and tax decisions with growth plans. The result was a more scalable control environment, clearer accountability, and better information for leadership.

Within months, the organisation was better prepared for stakeholder scrutiny, more confident in its data, and more resilient. That is the role we aim to play at Baker Tilly UAE, helping clients navigate complexity with clarity and build operating models that support sustainable growth, now, for tomorrow.

By combining international standards with local insight, we support clients across assurance, compliance, risk advisory, internal audit, IT audit, cybersecurity, and AI governance. Our objective is not only to identify risk, but to help clients respond in a way that is proportionate, practical, and commercially aligned. In a market where speed matters, disciplined execution is a competitive advantage.

I remain optimistic. Regulatory change, cyber risk, and technological disruption are real, but they also create an opportunity to build stronger and more resilient businesses. The question is not whether uncertainty will continue, it will. The question is whether organisations react to it, or use this moment to strengthen the foundations that allow them to grow with confidence. Those that invest now in governance, resilience, control, and responsible innovation will be best placed to earn trust and lead the next phase of growth.

Those that invest now in governance, resilience, control, and responsible innovation will be best placed to earn trust and lead the next phase of growth.

Trust as a Competitive Advantage

Notes from an ADGM Regulatory Compliance Partner

Guest contribution

Karissa Stelma
General Counsel
Trifecta Advisory Group

Over the past decade, the global financial system has undergone a structural reset. Capital is more mobile, asset classes are more complex, and regulatory expectations are more exacting than at any point in modern history. In periods of broader geopolitical uncertainty, the value of institutional credibility becomes even more apparent. Jurisdictions are no longer competing solely on tax neutrality or time-zone advantage; they are competing on trust, resilience, and credibility.

The centres that will define the next era of finance are those that have built genuine regulatory infrastructure — not only rulebooks, but supervision, governance, and institutional integrity.

From the perspective of someone who lives in the detail of regulatory execution, that shift is not academic. It shows up in what gets asked first. Banks want clarity early. Institutional investors want evidence, not assurances.

Regulators want to see accountable decision-making, functioning controls, and a defensible audit trail. Firms that struggle are rarely short on ambition; they are short on operational depth.

The Abu Dhabi Global Market's (ADGM) defining feature has never been speed to market or access alone; it has been depth. Anchoring its legal framework in English common law created immediate familiarity for global institutions, while a robust, independent Financial Services Regulatory Authority (FSRA) established a supervisory model aligned with international best practices. In a world where regulators increasingly coordinate across borders and expect substance rather than symbolic presence, that architecture matters. Regulatory arbitrage is shrinking, scrutiny is rising, and the jurisdictions that thrive will be those that offer clarity rather than ambiguity.

The transformation of global capital markets is ongoing. Private markets represent a growing share of institutional allocation. Cross-border structures routinely span multiple regimes. Technology is embedded in underwriting, servicing, and distribution. Digital assets and tokenised instruments are moving from theory to serious institutional consideration.

Artificial intelligence is reshaping risk analytics and operational efficiency. Each development brings opportunity, but also regulatory consequence. It is no longer sufficient to ask whether a model is commercially viable; the question is whether it is governable, auditable, and resilient under supervisory examination.

Here, ADGM's positioning is clearest. Rather than chasing every trend, the Centre has focused on building a framework that can absorb innovation without diluting oversight.

The FSRA's approach to digital assets has been deliberate: not permissive for its own sake, but designed so that when institutional capital engages with new asset classes, it does so within a perimeter of prudence.

The same philosophy runs through the Centre's fund regimes and licensing categories — enabling flexibility, while keeping investor protection, market integrity, and financial crime controls where they need to be.

Regulatory arbitrage is shrinking, scrutiny is rising, and the jurisdictions that thrive will be those that offer clarity rather than ambiguity.

It is no longer sufficient to ask whether a model is commercially viable; the question is whether it is governable, auditable, and resilient under supervisory examination.

What distinguishes mature financial centres from emerging ones is the integration between regulation and practice. Rulebooks only earn credibility when supported by consistent supervisory engagement and professional infrastructure on the ground. In ADGM, that integration is increasingly visible. Firms establishing here are not merely registering a presence; they are building compliance functions, risk frameworks, governance committees, and operational controls that can withstand international review. External stakeholders are not assessing intent; they are assessing whether the control environment holds under pressure.

The broader regional context amplifies this. The Gulf has become a pivotal allocator of capital, with sovereign wealth funds, institutional investors, and family offices playing an increasingly prominent role in global markets. At the same time, international managers are seeking structured, transparent entry points into the region. In moments of regional tension, that demand for structure, transparency, and supervisory seriousness only intensifies. ADGM has positioned itself as a bridge between these flows. Its legal clarity appeals to global institutions; its geographic and economic proximity anchors it within the Gulf. In effect, it aligns global standards with regional opportunity in a way that both sides can work with.

As capital flows intensify, risk compounds. Cybersecurity threats are more sophisticated. AML and sanctions expectations are more demanding. ESG considerations are increasingly embedded in allocation and disclosure. Regulators across major markets are converging on themes of conduct, transparency, and accountability. The jurisdictions best placed to succeed will not be those that minimise obligations, but those that operationalise them effectively.

Operationalisation is the discipline behind every credible licence. It is the difference between drafting a policy and embedding it; between appointing a board and ensuring informed oversight; between producing a risk framework and using it to drive decisions and escalation. In practice, the weak points are familiar: unclear ownership, thin evidence, under-scoped outsourcing oversight, monitoring that produces volume but little insight, and governance that exists on paper but not in behaviour. Those are organisational failures, and they are precisely what supervision is designed to surface.

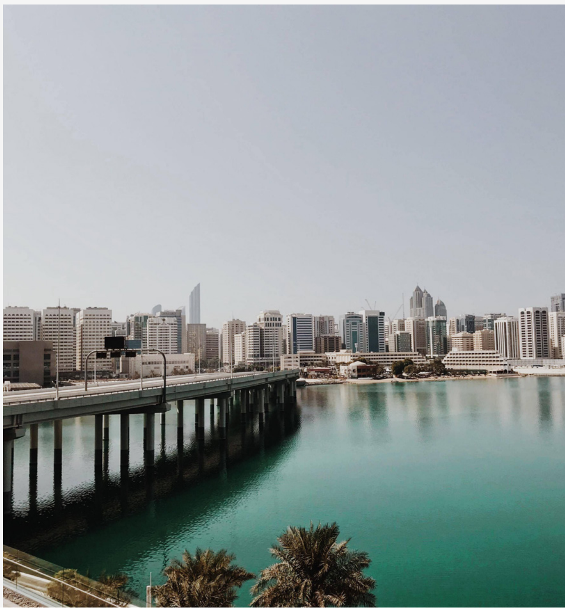
ADGM's architecture supports a systemic approach. The separation between the Registration Authority, the Courts, and the FSRA provides clarity of mandate. The Court's grounding in common law strengthens predictability in dispute resolution. The FSRA's risk-based supervision reinforces the expectation that firms understand and evidence their own risk profiles, rather than rely on form over substance. Together, these elements form a regulatory environment that is both rigorous and navigable — increasingly valuable as global scrutiny rises.

Looking ahead, the next chapter of innovation will blur traditional lines further. Data will become as strategically valuable as capital. Tokenisation will reshape custody and settlement. Artificial intelligence will influence everything from monitoring to underwriting. The jurisdictions that succeed will be those that integrate innovation without compromising oversight — and the firms that succeed will be those that build credible control environments early, rather than retrofitting them under stress.

ADGM's trajectory exemplifies an awareness of that balance. Growth has been matched with supervisory refinement. Expansion in private markets has been accompanied by clarity in licensing categories and prudential expectations. The emphasis on governance and accountability signals ambition that is long-term rather than transactional. Financial centres are built over decades, through consistency, credibility, and institutional memory.

In an era where headlines are often dominated by volatility — geopolitical, technological, and financial — the quieter story is the consolidation of trust. Investors allocate capital where rules are enforced fairly. Institutions expand where disputes are resolved predictably. Entrepreneurs innovate where frameworks evolve responsibly. Trust, in this sense, is institutional — built through legal clarity, supervisory consistency, and operational depth.

As global finance reconfigures around new technologies, asset classes, and shifting balances of power, the importance of regulatory infrastructure will only intensify. The next decade will reward centres that combine openness with discipline, ambition with accountability, and innovation with governance. In ADGM, the architecture supporting that balance is firmly in place. The evolution of this ecosystem is not simply a regional success story; it is a case study in how modern financial centres are built — not on speed or access alone, but on the durable foundations of trust.



The GCC M&A: Playbook

Valuation, AI and Strategic Clarity in Uncertain Times

The GCC M&A landscape is entering a new phase. While capital remains available and deal activity continues, investors are becoming more selective, rewarding businesses that can demonstrate resilience, strong governance, operational maturity and a clear strategy for growth.

Jagannath Patra
Partner
Baker Tilly (UAE)

Syed Younas Sadat
Director
Baker Tilly (UAE)

Mergers and acquisitions in the UAE and wider GCC are no longer driven by optimism alone. Capital is still available, strategic appetite remains strong, and the region continues to attract global investors. But the questions buyers now ask are sharper: Is the business profitable? Are the numbers reliable? Can management scale? And is the strategy built for a market being reshaped by technology, regulation and higher financing costs?

A few years ago, many transactions in the region were supported by abundant liquidity and long-term growth narratives. Revenue growth could often outweigh weak margins, especially in digital and founder-led businesses. That has changed. Rising interest rates, geopolitical uncertainty and regulatory reforms have made investors far more disciplined. Across the GCC, the market has shifted from "growth at any cost" to "quality of earnings, resilience and execution."

That does not mean dealmaking has slowed in principle; it means the rules of winning a deal have changed.

Today's GCC M&A market increasingly rewards businesses that can show the following with evidence, not ambition alone:

- sustainable profitability,
- strong governance,
- operational resilience,
- AI-enabled capability,
- clear strategic direction.

This is especially relevant in the GCC, where diversification agendas, institutional reform and digital transformation are all happening at the same time.

> In today's GCC M&A market, quality and resilience matter more than growth alone.

A More Mature GCC M&A Market

The region is no longer viewed simply as a source of capital. It is now a strategic deal corridor in its own right, led by the UAE and Saudi Arabia. Recent market reporting has shown how sovereign and strategic investors are using M&A to build scale in sectors tied to diversification, from healthcare and infrastructure to technology and industrial platforms. Saudi Arabia's deal momentum under Vision 2030, including consolidation in sectors such as towers, offshore services and industrial platforms, reflects a market that is becoming more selective, more strategic and more institutional in nature.

Valuation Now Follows Quality, Not Just Growth

One of the clearest changes in today's market is valuation discipline. In the past, a fast-growing company could command a premium simply because it had a compelling story. Today, buyers look much deeper into cash flow quality, churn, contract strength, margin sustainability and the realism of the forecast. Imagine two UAE software businesses, both growing at 35 percent a year. One relies on short-term clients and heavy founder involvement; the other has recurring contracts, low churn and systems that can scale. On paper, growth looks similar. In valuation, they are worlds apart. The second business is far more likely to attract a stronger multiple because its earnings are more durable.

Higher financing costs have reinforced this shift. When capital is more expensive, investors become less tolerant of vague assumptions and more focused on execution. In practical terms, valuation conversations across the GCC are becoming more analytical and less sentimental.

AI Is Changing Both the Target and the Transaction

Artificial intelligence is reshaping M&A in two ways. First, it is influencing which businesses are attractive. Companies that can use AI to improve pricing, service delivery, forecasting or customer insight are increasingly seen as more scalable and defensible. This matters in a region where AI readiness is becoming a national priority, with the UAE and Saudi Arabia often identified as the GCC's strongest AI contenders. Second, AI is changing how deals are executed. Tasks that once took weeks of manual diligence, such as reviewing contracts, spotting anomalies and testing operational patterns, can now be accelerated using AI-enabled tools.

A simple example illustrates the difference. In a traditional deal, a buyer might discover late in diligence that customer contracts contain change-of-control clauses or weak renewal mechanics. With smarter review tools and better data discipline, these issues surface earlier, allowing the buyer to adjust price, structure protections or walk away before costs escalate. In uncertain markets, that speed and visibility are no longer a luxury; they are a competitive advantage.

In today's market, valuation is increasingly driven by profitability, resilience and sustainable earnings rather than growth alone.

Strategic Clarity Wins in Uncertain Markets

In uncertain markets, investors reward businesses that know exactly why they are pursuing a transaction and how value will be created after signing. A UAE company expanding into Saudi Arabia, for example, can no longer rely on a generic regional growth narrative. Buyers and lenders want to see why acquisition is better than organic expansion, how integration will work, what synergies are realistic and whether management has the depth to execute. Strategic clarity has become a valuation driver because it reduces uncertainty.

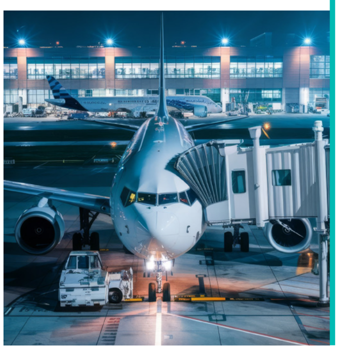
Governance and Transparency Are No Longer Optional

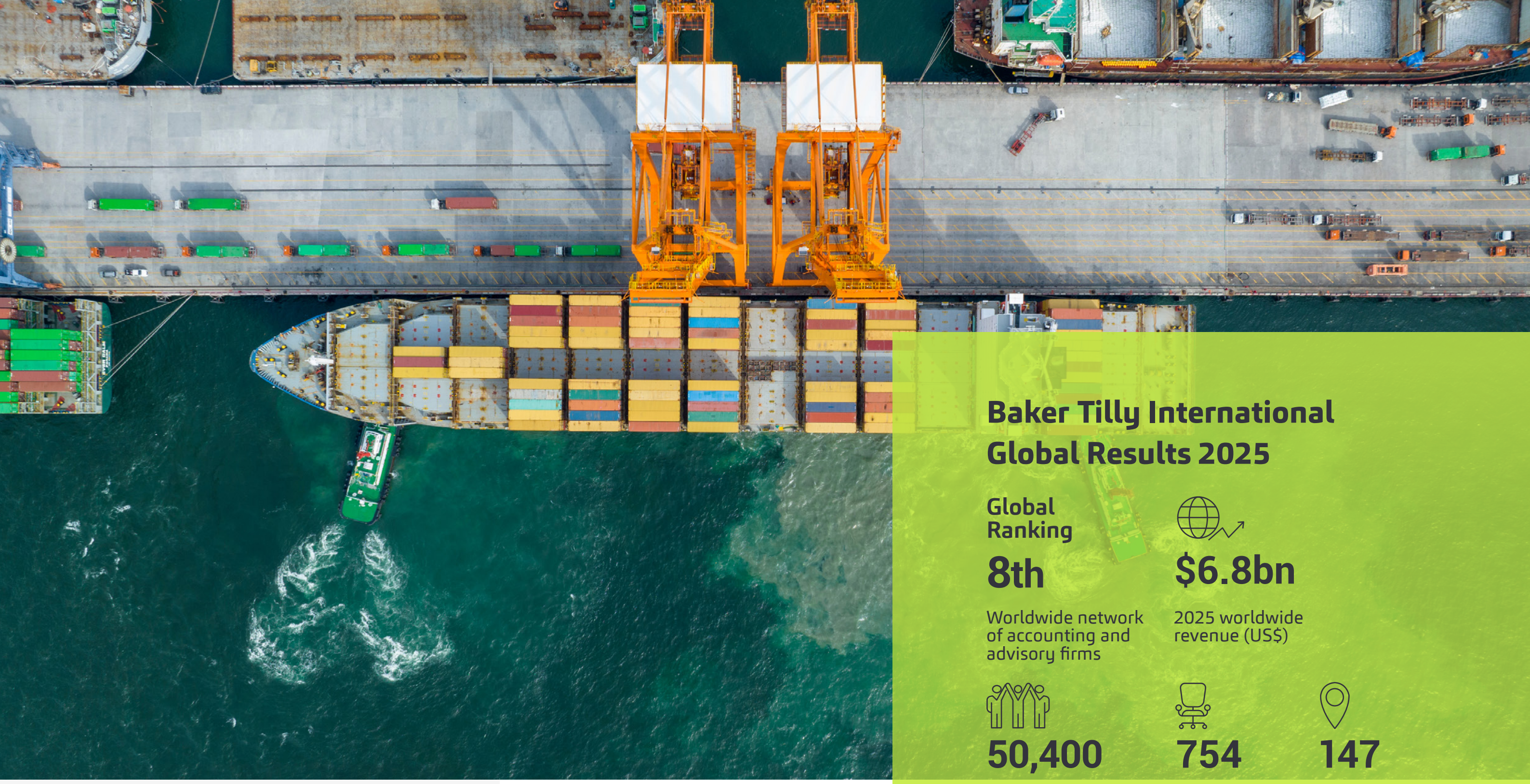
This is where many otherwise promising businesses still lose momentum. Across the GCC, many founder-led and family-owned companies are entering institutional M&A processes for the first time. Their businesses may be commercially strong, but if reporting is inconsistent, tax positions are unclear, or controls depend too heavily on a few individuals, investors will price that risk in immediately. A common real-world pattern is simple: a buyer likes the market opportunity, but the data room reveals gaps in IFRS reporting, weak forecasts or undocumented related-party arrangements. The deal does not always collapse, but valuation falls and execution becomes slower and more expensive. In this market, transparency is not just about compliance; it is part of value creation.

The Direction of Travel Is Clear

The next chapter of GCC M&A will belong to businesses that combine profitability, governance, AI readiness and strategic discipline. The region still offers strong growth opportunities, but buyers are no longer paying simply for ambition. They are paying for resilience, credibility and the ability to deliver. For corporate leaders, founders and investors alike, that is the new rulebook and the businesses that understand it early will be the ones that command attention when deals are on the table.

AI is reshaping M&A from both sides of the transaction. It is influencing which businesses attract investment and transforming how deals are evaluated, executed and managed.





Baker Tilly International Global Results 2025

Global Ranking
8th
Worldwide network of accounting and advisory firms

$6.8bn
2025 worldwide revenue (US$)

50,400
People

754
Offices

147
Territories

Deepika Chandak
Director
Baker Tilly (UAE)

Ouarda El Ghannouti
Director
Baker Tilly (UAE)

Amjad Rabani
Director
Baker Tilly (UAE)

GCC Market Briefing

Vision 2030 in Action: Growth, Diversification and PPP Expansion in Saudi Arabia

Saudi Arabia's economy continues to demonstrate resilience, with GDP expanding by 2.8% in Q1 2026, driven by broad-based growth across both oil and non-oil sectors. Strong performance in non-oil activities highlights the Kingdom's accelerating economic diversification and strengthening financial foundations amid regional volatility. Furthermore, the Kingdom's public-private partnership (PPP) model is rapidly emerging as a benchmark for investment-led transformation across the GCC. Driven by Vision 2030, PPPs are unlocking private capital, accelerating infrastructure delivery and enhancing service quality across sectors such as health care, transport, education and utilities. Robust legal frameworks, structured procurement processes and strong investor protections are reinforcing confidence, while a growing pipeline of projects continues to attract global interest.

ADGM Accelerates Growth with Strong Investor Confidence and Record Expansion

ADGM delivered a strong start to 2026, reinforcing its position as a leading global financial centre with over 13,000 active licences and a significant 57% growth in assets under management. This performance reflects sustained investor confidence, increasing global firm participation and continued expansion across its financial ecosystem. Growth in asset and fund management, financial services, and workforce development underscores ADGM's strategic focus on innovation, regulatory strength and international connectivity. With rising capital inflows, new institutional entrants and expanding global partnerships, ADGM continues to strengthen UAE's position as a stable, trusted and globally competitive hub for investment and financial services.

Dubai's Green Corridor initiative is accelerating cross-border trade efficiency and reinforcing the UAE's role as a regional logistics hub.

Dubai's Green Corridor Drives Surge in Trade Flows

With global shipping routes under pressure, Dubai has acted quickly to keep goods moving by introducing its "Green Corridor" initiative. Launched in March 2026 in cooperation with Oman Customs, the programme allows shipments arriving in Oman to be transported overland to Dubai through fast-tracked and simplified customs procedures.

The impact has been immediate: customs declarations increased from around 12,000 in March to nearly 100,000 in April, while the value of goods transported rose from AED 1 billion to over AED 8 billion.

For businesses, this highlights Dubai's ability to respond pragmatically to supply chain challenges. It also demonstrates its capacity to maintain continuity in trade, which reinforces Dubai's position as a reliable global logistics hub.

Abu Dhabi Launches AED 55bn Infrastructure Programme at ADIS 2026

A recent development attracting attention in the UAE is Abu Dhabi's launch of an AED 55 billion public–private partnership (PPP) programme covering 24 infrastructure projects across sectors such as transport and social infrastructure. The initiative was announced by the Abu Dhabi Investment Office (ADIO) together with the Abu Dhabi Projects and Infrastructure Centre (ADPIC), with tenders expected to be rolled out in phases throughout 2026 and 2027.

For businesses, this highlights a strong momentum in government-led projects and continued private sector involvement. It also supports the UAE's broader economic diversification strategy and creates opportunities in construction, advisory, and technology.

Dubai Implements New Regulation for Free Zone Entities Operating in the Mainland

Dubai has introduced Executive Council Decision No. 11 of 2025, issued by Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, allowing free zone companies to operate in the mainland, subject to approval from the Department of Economy and Tourism. Businesses must secure licences or permits, comply with federal and local regulations, and maintain separate financial records for mainland activities. Licences may be issued as renewable branch authorisations or short-term permits.

The regulation supports Dubai's D33 economic agenda by improving flexibility, strengthening integration between free zones and the mainland, and reinforcing the emirate's competitiveness as a global investment hub.

UAE Cabinet Approves Framework to Deploy Agentic AI Across Government Services

The UAE Cabinet has approved a governance framework outlining the roles and responsibilities of federal ministries in implementing the national Agentic AI Project. The initiative aims to transition 50% of government services and operations to AI-driven models, covering services for citizens, residents, businesses, and investors. The Cabinet also approved large-scale training for government employees to support implementation. For businesses, this signals faster, more automated government interactions and a shift toward data-driven regulatory processes, with implications for compliance, documentation, and response timelines.

MOHRE Introduces Unified Monthly Salary Deadline for Private Sector

The UAE's Ministry of Human Resources and Emiratisation has issued Ministerial Resolution No. 340 of 2026, introducing a unified salary payment deadline for private-sector employers. Effective from 1 June 2026, wages for the preceding month must be paid by the first day of each month through the Wage Protection System or other approved channels. Payments made after this date will be treated as delayed, triggering escalating compliance measures, including work-permit restrictions and penalties. This elevates salary timing from an administrative matter to a key compliance obligation for UAE employers.

From historic trade routes to modern logistics corridors, connectivity drives growth.

CMA Enhances Regulatory Environment

The Capital Market Authority (CMA) Board has approved a set of enhancements aimed at developing the regulatory environment for investment funds in Saudi Arabia. The amendments aim to develop a regulatory framework for investment funds, enhance the asset management industry, and strengthen its competitiveness by identifying areas for improvement and adopting global best practices. The amendments also include additional regulatory provisions that support the growth of the investment fund and real estate investment fund sectors, enhance transparency and disclosure for fund unit holders, and establish governance standards that ensure greater protection of investors' rights.

IFRS 18:
A Fundamental Reset of Financial Statement Presentation

Imran Dhalla
Partner
Baker Tilly (UAE)

A new era of financial performance reporting begins in 2027.

For decades, IAS 1 - Presentation of Financial Statements was the standard that governed how financial statements were presented.

While the world grew accustomed to it, over time, it increased inconsistency, reduced comparability, and created ambiguity in how financial performance was communicated.

In response to these challenges, the International Accounting Standards Board (IASB) has introduced IFRS 18 - Presentation and Disclosure in Financial Statements, marking one of the most significant reforms in financial reporting in over two decades. A shift that, in my view, has been a long time coming.

Effective for annual periods beginning on or after 1 January 2027, IFRS 18 replaces IAS 1 and aims to enhance comparability, transparency, and discipline in how entities present their financial performance.

Why the Change?

While IAS 1 enabled flexibility, it also introduced several structural weaknesses in financial reporting:

Drawback	Consequence
Excessive flexibility meaning reduced comparability	IAS 1 allows for significant management discretion in presentation of financial statements, including formats, subtotals and classification. The result? Inconsistent presentation across entities, limiting comparability.
Lack of defined structure	IAS 1 does not prescribe a standard income statement format. Entities can present expenses by nature or function and include their own subtotals. The result? No standardised operating profit, increasing reliance on judgement.
Risk of cluttered and boilerplate disclosures	IAS 1 did require disclosure of estimates, judgements and accounting policies, albeit 'significant' instead of 'material' historically. The result? Unnecessary literature, risking omission of the material information.
Weak guidance on performance metrics, disaggregation and subtotals	IAS 1 permits non-standard subtotals that are relevant. The result? Lack of consistency, over-aggregation/disaggregation and potential earnings management through presentation.
Classification issues	Due to its interpretational nature, IAS 1 often invoked frequent judgement. The result? Undue complexity, or oversimplification.
Disconnect from business model	IAS 1 does not require financial statements to reflect clearly how entities earn and use funds. The result? Weak linkage between financial performance and business strategy.

As investors' focus on transparency and comparability intensified, these limitations became increasingly difficult to reconcile with the objectives of general-purpose financial reporting.

What Has Really Changed?

While IFRS 18 does not change how numbers are recognised or measured, it fundamentally reshapes how those numbers are presented, structured and explained.

How Will This Change Impact Entities?

While IFRS 18 primarily impacts the statement of profit or loss, changes extend across financial reporting:

Area	Practical Impact
Income statement	Significant restructuring
Notes	Enhanced disclosures, especially MPMs
Cash flows	Alignment with operating profit as a start point
Balance sheet	Limited structural changes

I. A New Structure for the Statement of Profit or Loss

At the heart of IFRS 18 lies a redesigned income statement with mandatory classification into five categories:

- Operating (the residual category reflecting core business activities)
- Investing (requires more careful judgement)
- Financing (requires more careful judgement)
- Income taxes
- Discontinued operations

II. Mandatory Subtotals (Game Changer)

For the first time, IFRS mandates specific subtotals:

- Operating profit
- Profit or loss before financing and income tax
- Profit or loss

Why this matters:

- "Operating profit" is now defined and standardised
- Eliminates diversity in presentation
- Improves comparability across industries

III. Management-Defined Performance Measures (MPMs)

One of the most impactful changes is the formal inclusion of management performance metrics into audited financial statements.

MPMs are:

- Subtotals of income and expenses
- Used in public communications
- Reflective of management's view of performance

Examples include adjusted profit, EBITDA and underlying earnings.

Under IFRS 18, entities must now:

- Disclose MPMs within financial statements (not just for investor presentations)
- Provide reconciliations to IFRS numbers
- Explain why the measure is used, and how it is calculated

IV. Aggregation and Disaggregation (More Discipline)

IFRS 18 introduces stronger principles around how financial information is structured.

Entities must:

- Aggregate items with similar characteristics
- Disaggregate material information
- Avoid concealing key performance drivers

Key Implications for Entities Include:

I. Systems and reporting, which include changes in the chart of accounts, re-alignment of management reports with IFRS

II. KPIs and communication, which include redefining operating performance and impact on investor reporting

III. Revisiting judgmental areas, including 'operating vs investing vs financing' and defining MPMs.

Concluding Thoughts

IFRS 18 is not a cosmetic change, it requires operational transformation. Gone are the days where "other income" could be used as a dumping ground, or where significant management discretion prevailed. With the introduction of IFRS 18, presentation of financial statements will now follow a clearer and more defined path, one that not only meets IFRS requirements but also prioritises its varied users.

As entities prepare for IFRS 18, early action is critical; reassessing presentation, refining classifications, aligning reporting structures, and bringing MPMs under robust disclosure frameworks. Done right, this is not just about meeting standards, but about delivering clearer, more consistent, and more useful information for decision making.

While IFRS 18 significantly enhances the ability of users to understand, compare, and evaluate financial performance, the real challenge is beyond compliance. It lies in ensuring that the story being told through financial statements is clear, consistent, and above all, defensible.

Cyber Resilience in the AI Era:

It’s No Longer About Preventing Attacks

In an AI-driven world, cyber threats are evolving faster than traditional security models can respond. The focus is shifting from preventing every attack to building the resilience needed to recover, adapt, and maintain trust.

For years, organisations focused on one goal, preventing cyberattacks. In 2026, that mindset is no longer enough. Because the reality is simple, breaches will happen.

What differentiates leading organisations today is not whether they get attacked, but how quickly they recover, adapt, and maintain trust. This is the essence of cyber resilience.

The challenge has intensified in the age of AI. While artificial intelligence is driving efficiency and innovation, it is also reshaping the threat landscape. Cyber risks are no longer static, they evolve in real time, becoming faster, more sophisticated, and harder to detect.

Traditional cybersecurity strategies focused on firewalls, controls, and periodic audits are struggling to keep pace.

Cyber resilience, on the other hand, is built on a broader foundation:

- **Preparation:** Understanding where vulnerabilities truly lie
- **Response:** Detecting and containing breaches quickly
- **Recovery:** Restoring operations with minimal disruption
- **Adaptation:** Learning and strengthening systems continuously

Leading organisations are now embedding resilience into their strategy, not just their IT function. Boards and executives are asking deeper questions:

- Can we operate during an attack?
- How quickly can we restore critical systems?
- Are our people prepared, not just our technology?

This shift reflects a broader truth, cybersecurity protects systems. Cyber resilience protects the business.

In an AI-driven world, trust has become a currency. And trust is not built on the absence of risk, but on the ability to manage it transparently and effectively. The organisations that will lead the next decade are not the ones that avoid disruption entirely. They are the ones that anticipate it, absorb it, and emerge stronger.

Nadeem Maniar
Partner
Baker Tilly (UAE)

> In today’s threat landscape, resilience is measured not by preventing every attack, but by maintaining trust through disruption.

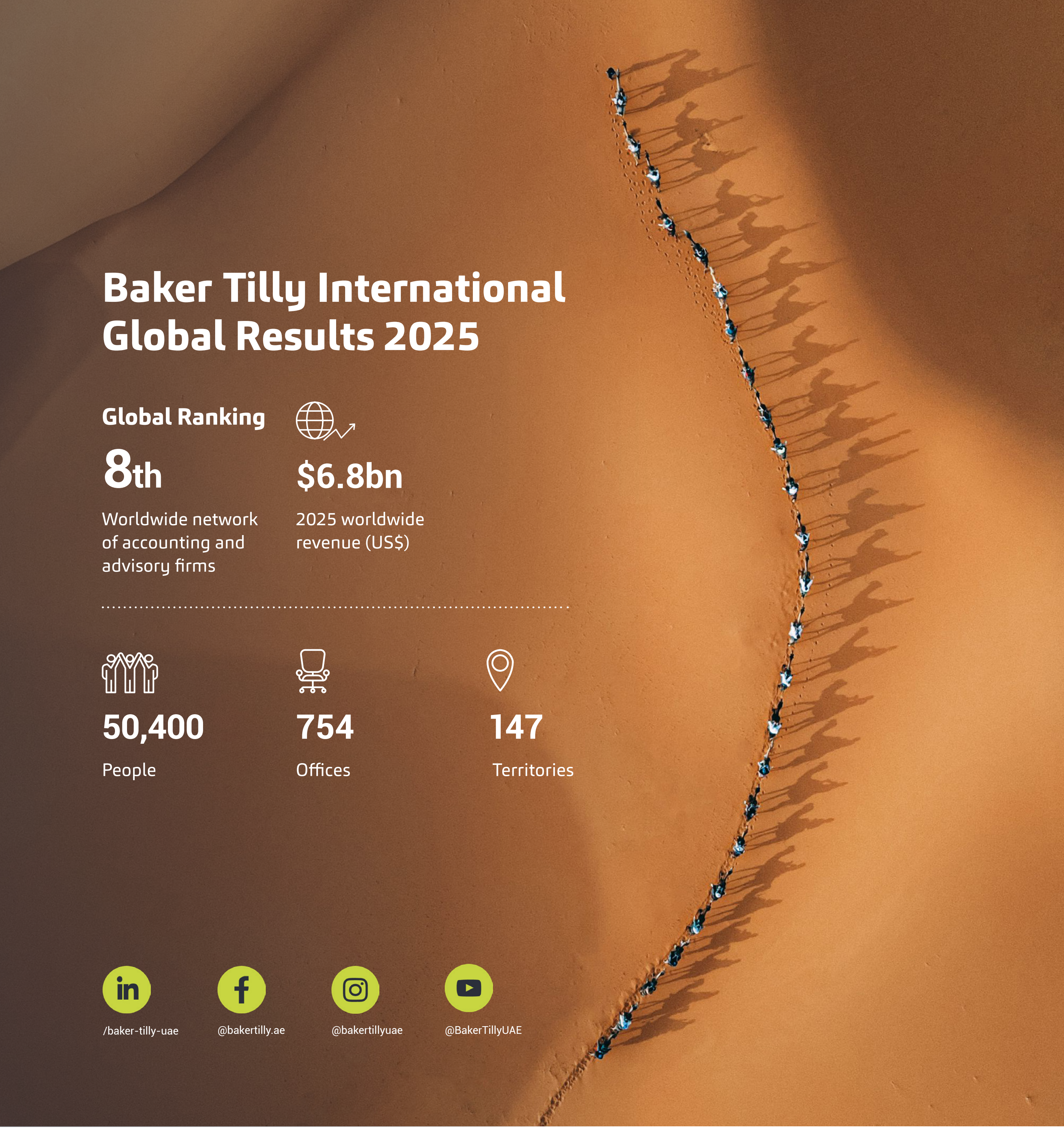
Elevating M&A Excellence in Aviation and Mining

At Baker Tilly UAE, we have significantly strengthened our M&A capabilities in the aviation and mining sectors, two industries defined by scale, regulation, and complexity.

Our approach combines deep sector knowledge with disciplined transaction execution. In aviation, we bring hands-on expertise across airports, MRO, and airline operations, supporting investments, PPP structures, and cross-border regulatory navigation. In mining, we understand the operational, geopolitical, and compliance dimensions that shape investment decisions, particularly in globally distributed assets.

We deliver end-to-end M&A advisory, spanning strategic assessment, financial and tax due diligence, deal structuring, and post-transaction integration, ensuring clarity on risks, value drivers, and execution pathways. Our integrated model brings together industry specialists, transaction advisors, and regulatory experts to enable informed decision-making and successful outcomes.

As deal activity accelerates across both sectors, our enhanced platform positions us to support clients with confidence, precision, and insight transforming complex transactions into successful venture.



Baker Tilly International Global Results 2025

Global Ranking

8th

Worldwide network of accounting and advisory firms

$6.8bn

2025 worldwide revenue (US$)

50,400

People

754

Offices

147

Territories

/baker-tilly-uae

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@BakerTillyUAE

Baker Tilly SM Group
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HQ: Level 20, Sheikh Rashid Tower, Dubai World Trade Centre,
PO Box 507392, Dubai, United Arab Emirates
T: +971 4 264 6175
E: info@bakertilly.ae
www.bakertilly.ae

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